

# Bringing Bay Area Affordability Into Sharper Focus

## An H+T Affordability Analysis



**MTC Elderly and Disabled  
Advisory Committee**  
June 4, 2009

## Background

- Transportation 2035 performance objective: Reduce combined housing + transportation (H+T) costs as % of income
- Technical analysis of draft T-2035 Plan revealed infrastructure did not affect transportation costs, but alternative policy scenarios did
- MTC requested Center for Neighborhood Technology conduct a neighborhood-level H+T analysis to better understand affordability variations by neighborhood, underlying factors



## Making Ends Meet in the Bay Area

- Bay Area has highest housing costs in nation
- Population to grow by 34% from 6.8 to 9.1 million between 2000 and 2035
- Affordability will be essential to address as the region grows
- Focus of analysis is on low-income (<\$35K/year) and moderately low-income (\$35-60K/year) households, with some regionwide trends for comparison
- Housing affordability has worsened since 2000

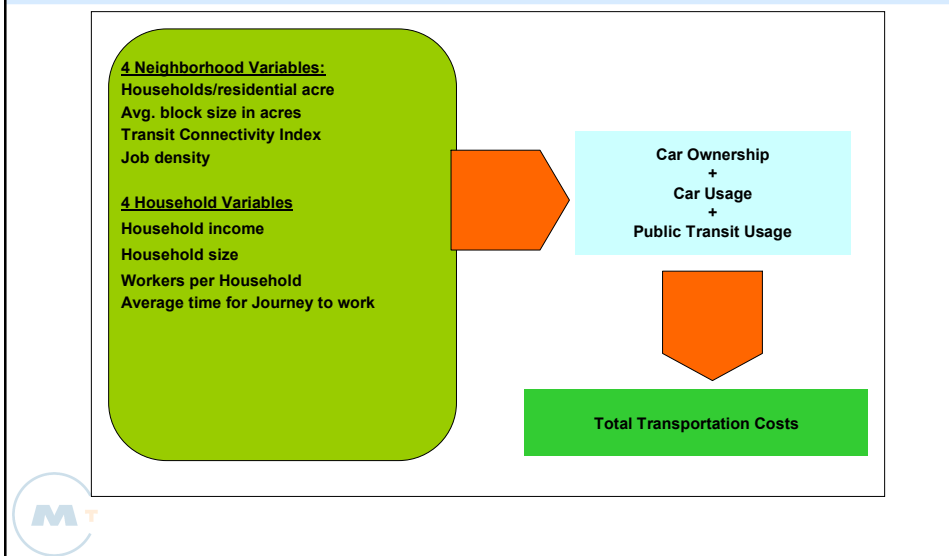


## Factoring Transportation into the Affordability Equation

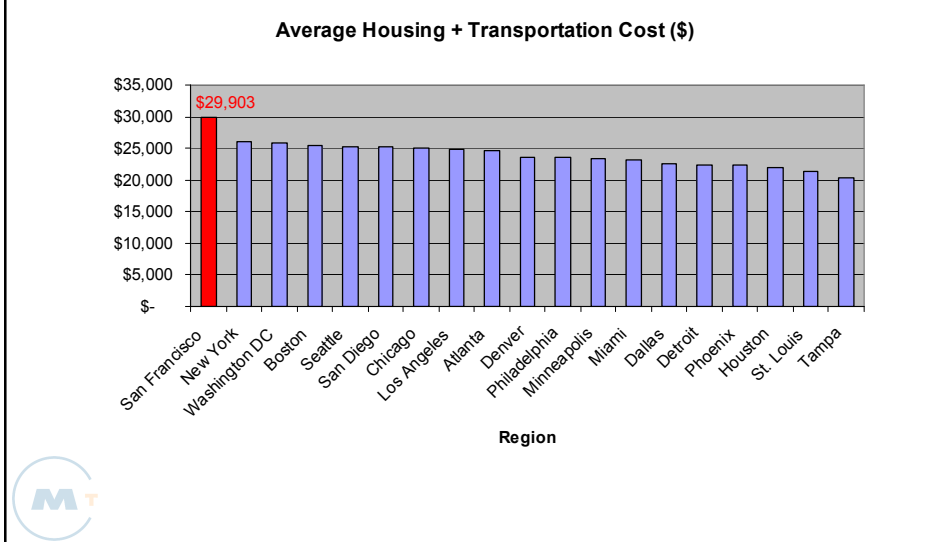
- Conventional definition of affordability focuses only on housing costs relative to income (30% rule of thumb)
- Transportation costs second-largest expense in a household budget, typically 18% of income
- H+T combines these two to suggest that housing and transportation costs should consume no more than 48% of income
- H+T Affordability = 
$$\frac{\text{Housing Costs} + \text{Transportation Costs}}{\text{Income}}$$



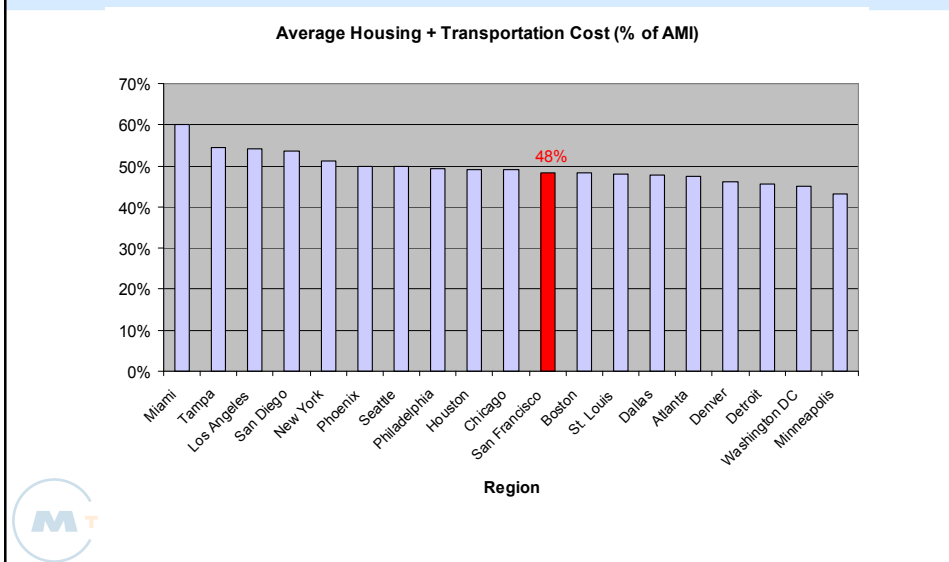
## CNT's Transportation Cost Model



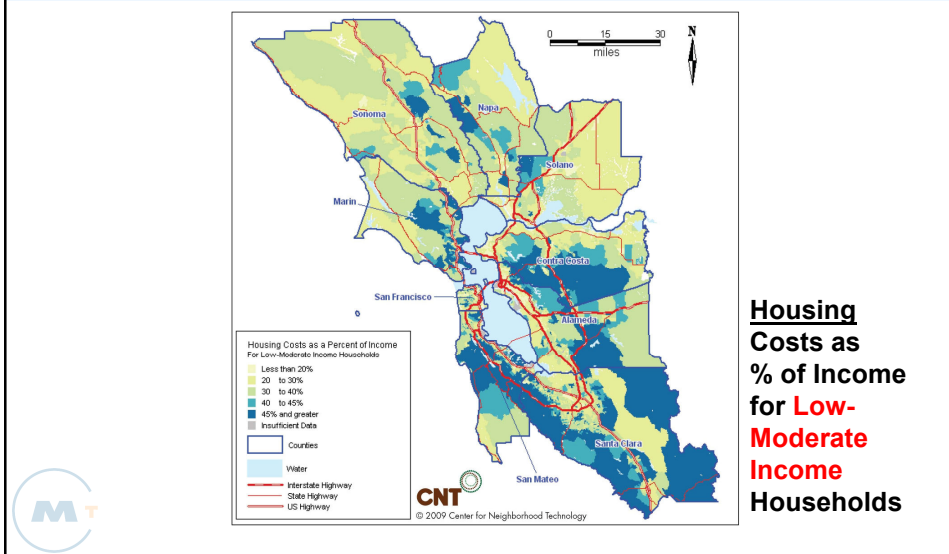
## Bay Area Most Expensive Region for Combined H+T Costs



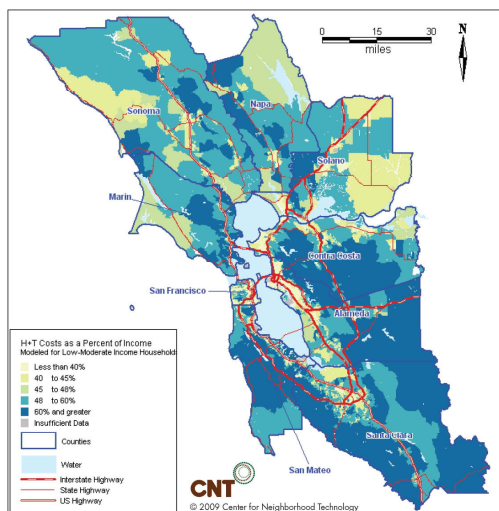
## H+T Affordability Offset by High Area Median Income



## Bay Area looks affordable under the conventional definition

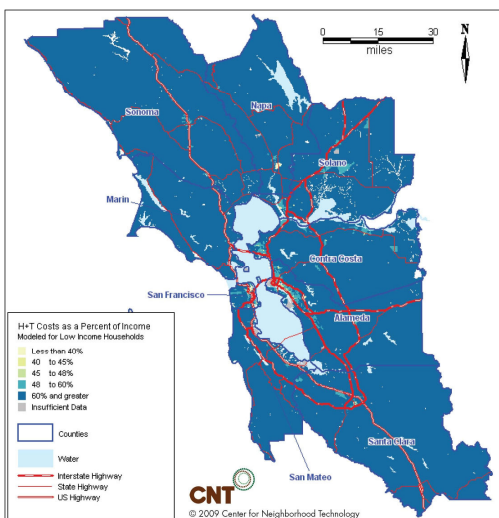


## The region looks less affordable through an H+T lens



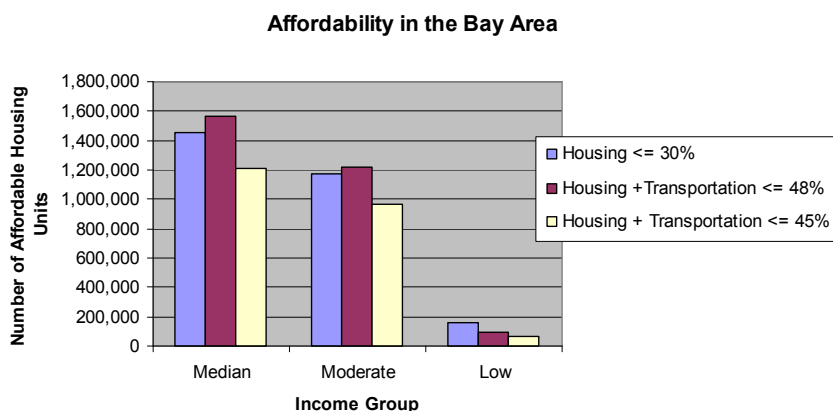
**H+T**  
Costs as  
% of Income  
for **Low-  
Moderate  
Income**  
Households

## Low income households have few affordable H+T options

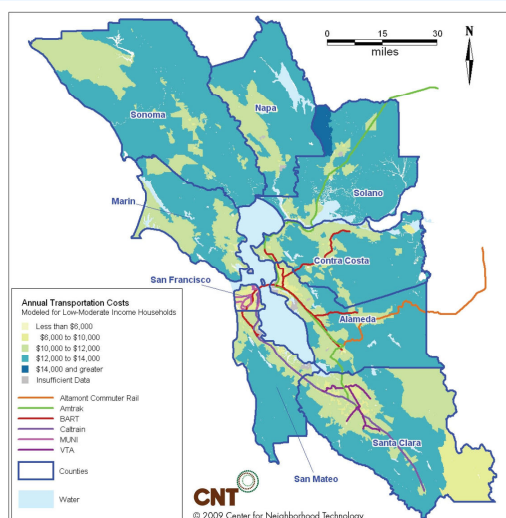


**H+T** Costs  
as % of  
Income for  
**Low-Income**  
Households

## Only 94,000 dwelling units are located where H+T costs are affordable to low-income households



## Transit makes the Bay Area more affordable



**Transportation  
Costs for  
Low-Moderate  
Income  
Households**

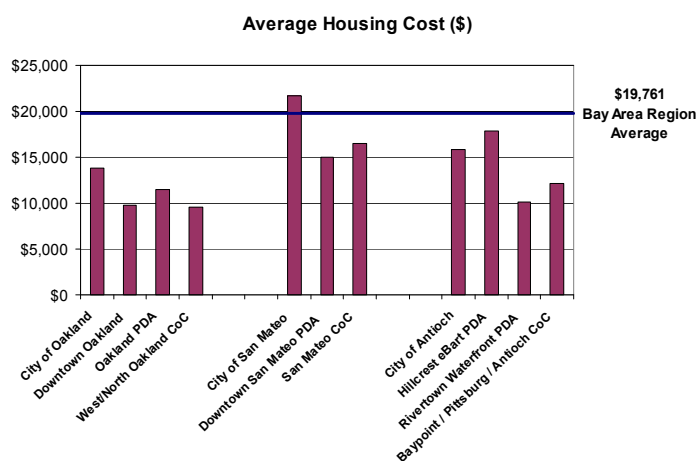


## Case Studies: A Tale of Three Cities

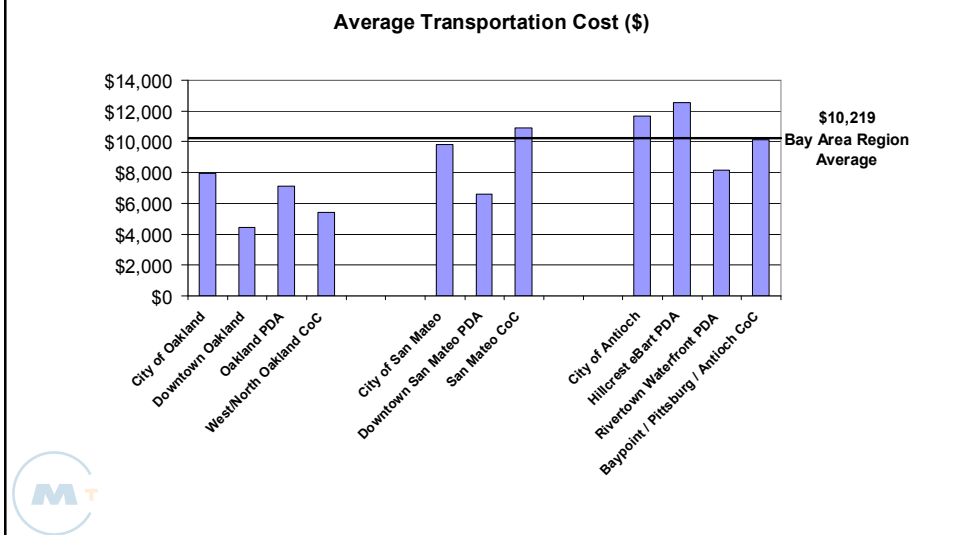
- The location, shape and density of a community determine its affordability to a range of incomes
- Compact, mixed use communities with housing at different price points, transit, proximity to employment centers and pedestrian designs are most affordable
- Downtown Oakland, San Mateo and Antioch case studies were chosen to exemplify this
  - Also looked at these areas' communities of concern and Priority Development Areas



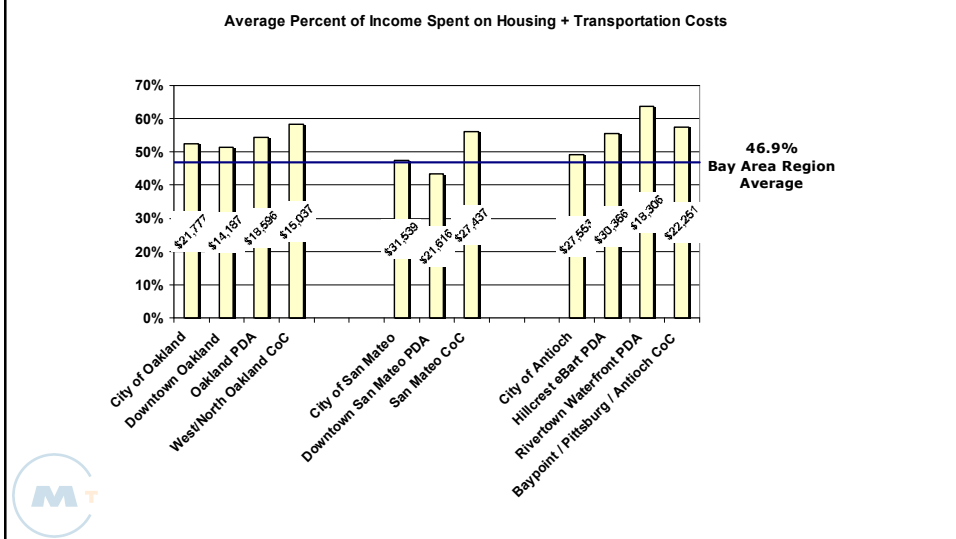
## All 3 cities have areas with housing costs below the regional average



## Transportation costs vary considerably by location and form



## Oakland & Antioch's H+T are unaffordable to their residents





## Examples of Local Opportunities

- Downtown Oakland
  - Preserve affordable housing and create new mixed income, mixed use developments
  - Build on public transit assets
- San Mateo
  - Use CBTP process to shed light on high T costs in North San Mateo community of concern
  - Can transit use be increased?
- Antioch
  - eBART extension: station location matters
  - Affordable housing



## Summary

- Bay Area H+T costs most expensive in the nation
- Many outlying communities that appear affordable in terms of housing costs alone are not affordable in terms of H+T
- Low-income households have very few locational options for keeping H+T below 48% of income
- Transportation costs vary widely: lowest in neighborhoods with high densities and rich transit
- Car ownership is biggest transportation expense for most families, averaging \$5,000/year before gas and repairs
  - Reduced car ownership means considerable household savings



## Next Steps

- Discussion and feedback on analysis results, key findings
- Develop recommendations for MTC and partner agencies to help preserve and promote affordability
- Build a cross-cutting dialogue on affordability

